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EX PARTE OR LATE FILED

June 20, 1996

BRAD E. MUTSCHELKNAUS

DIRECT LINE (202) 955-9765

Office of the Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Washington, D.C. 20554

Re: CC Docket No. 96-98 --  
In the matter of Implementation  
of the Local Competition Provisions  
of the Telecommunications Act of 1996

RECEIVED  
JUN 20 1996  
FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Dear Sirs:

On June 19, 1996, I met with Richard Welch, Chief of the Policy Division of the FCC's Common Carrier Bureau regarding issues raised in the above-referenced proceeding. I was accompanied by Richard Robertson and Riley Murphy, both of whom are executives of American Communications Services, Inc. We discussed the issues referred to in the attached presentation which was made at the meeting.

Sincerely,

  
Brad E. Mutschelknaus

cc: Richard K. Welch  
Room 544

074

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JUN 20 1996

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

RECEIVED

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

**AMERICAN COMMUNICATIONS SERVICES, INC.**

Suite 100  
131 National Business Parkway  
Annapolis Junction, Maryland 20701

June 19, 1996

Richard Robertson  
Executive Vice President/  
General Manager - Switched Services

Riley M. Murphy  
Executive Vice President  
and General Counsel

Brad E. Mutschelknaus  
Kelley Drye & Warren

## **WHO IS ACSI?**

- FACILITIES-BASED CAP/CLEC
- 15 OPERATIONAL LOCAL FIBER OPTIC NETWORKS
- 8 ADDITIONAL LOCAL NETWORKS UNDER CONSTRUCTION
- PLANS FOR 30 LOCAL NETWORKS BY 3Q96, AND 50 NETWORKS BY 3Q98.
- INTERCONNECTION NEGOTIATIONS UNDERWAY WITH BELLSOUTH, SBC, US WEST, GTE AND SPRINT/CENTRAL

## **GENERAL PRINCIPLES**

- A STRONG FEDERAL ROLE IS REQUIRED TO FACILITATE PRIVATE NEGOTIATIONS AND STATE ARBITRATIONS
- FCC RULES SHOULD FAVOR MAXIMUM UNBUNDLING AND COST-BASED PRICING
- FCC POLICIES SHOULD PROMOTE THE DEVELOPMENT OF FACILITIES-BASED LOCAL COMPETITION
- ACSI SUPPORTS ADOPTION OF THE ALTS DRAFT RULES

## LOCAL TRAFFIC EXCHANGE

- "BILL AND KEEP" IS A PRACTICAL NECESSITY FOR AN INTERIM PERIOD
  - MEASUREMENT AND BILLING OF EXCHANGED TRAFFIC IS COMPLEX AND WILL DELAY LOCAL INTERCONNECTION
  - THERE HAS BEEN NO SHOWING THAT LOCAL TRAFFIC EXCHANGE WILL BE SIGNIFICANTLY IMBALANCED
  - "BILL AND KEEP" IS THE PREFERRED CHOICE OF ILECs FOR TRAFFIC EXCHANGE AMONG THEMSELVES
  - CONGRESS EXPRESSLY RECOGNIZED THAT "BILL AND KEEP" IS AN ACCEPTABLE METHOD

- ASYMMETRICAL COMPENSATION RATES SHOULD BE PROHIBITED
  - ILECs MAY NOT DEMAND ONE-WAY CHARGES
    - SBC "UNIVERSAL SERVICE" RATE ELEMENT
    - US WEST "TRANSITIONAL RATE"
    - NYNEX "PLAY OR PAY" PLAN

## **LOOP UNBUNDLING**

- ACSI'S BUSINESS PLAN CONTEMPLATES ACCESS TO ILEC LOOPS, FEEDER, CONCENTRATORS AND DISTRIBUTION
- BONA FIDE REQUESTS HAVE BEEN MADE FOR SUB-LOOP UNBUNDLING
- MOST ILECs REFUSE TO DISCUSS LOOP SUB-ELEMENTS
- LOOP SUB-ELEMENT UNBUNDLING IS TECHNICALLY FEASIBLE
- ILEC CLAIMS THAT SUB-ELEMENT UNBUNDLING IS IMPRACTICAL OR EXPENSIVE SHOULD NOT EXCUSE THEIR NONCOMPLIANCE
- REFUSAL TO PROVIDE LOOP SUB-ELEMENTS PERPETUATES ILEC BOTTLENECK CONTROL

## **LOOP PRICING**

- PROPOSED ILEC LOOP RATES ARE NOT COST-BASED
- LOOP RATES WHICH APPROACH OR EXCEED ILEC RETAIL RATES MAKE THEIR USE UNECONOMIC
- COMPETITORS SHOULD NOT BE FORCED TO PAY FOR THE ILECs' OVERHEAD AND BAD INVESTMENT DECISIONS
- LOOP RATES SHOULD BE SET AT TSLRIC
- NEGOTIATIONS WITHOUT EXPLICIT PRICING STANDARDS ARE FAILING



## **LOCAL NUMBER PORTABILITY**

- NEED TO EXPEDITE AVAILABILITY OF PERMANENT LOCAL NUMBER PORTABILITY
  - RCF IS SUBSTANDARD
  
- SPREAD COSTS AMONG ALL TELECOMMUNICATIONS CARRIERS EQUALLY

**SEVERABILITY OF AGREEMENTS**  
**SECTION 252(i)**

- THE ABILITY TO PICK ONLY THE PART OF A FILED AGREEMENT WHICH ONE NEEDS IS A CRITICAL COMPETITIVE SAFEGUARD
- SEVERABILITY ENABLES SMALLER CARRIERS WHICH HAVE LITTLE BARGAINING POWER TO BENEFIT FROM THE BARGAINING LEVERAGE OF LARGER PLAYERS
- SEVERABILITY IS REQUIRED TO PREVENT VERY LARGE OR FAVORED CARRIERS FROM OBTAINING AN ADVANTAGE

## **RIGHTS-OF-WAY**

- NEW, EXPLICIT FEDERAL RULES ARE REQUIRED TO ENSURE THAT ILECs PROVIDE TIMELY, NONDISCRIMINATORY ACCESS TO POLES, CONDUITS, DUCTS AND RIGHTS-OF-WAY
- UTILITIES -- ESPECIALLY THOSE WITH ETCs -- ALSO MUST BE SUBJECT TO EXPLICIT NONDISCRIMINATION REQUIREMENTS